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November blog digest: the Mitchell donation | Caribbean crisis: lessons for the Pacific

By Stephen Howes

The Mitchell donation

November was a big month for the Development Policy Centre. The [announcement](#) of \$2.5 million from the Harold Mitchell Foundation over five years, with matching funding from the ANU, turns what has been an experiment (begun just over two years ago) into a viable proposition, and provides us with the independent funding we need to be Australia's leading think tank on aid and development policy.

In his Devpolicy [speech and post](#), Harold Mitchell, one of Australia's leading businessmen and philanthropists, explains why he made the donation. Interestingly, his starting point is securing Australia's own prosperity:

Australia is ... almost entirely surrounded by poor countries. Helping those countries to develop is not just a matter of being a good global citizen. It's a matter of ensuring our own security and progress.

It's for this reason that Harold describes himself as a strong supporter of foreign aid - "and would really like to see us give more." But an effective aid program is about quality as well as quantity:

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Of all the things we can do to support good development in our region, supporting a contestable environment is one of the most important. The war against poverty starts with a battle of ideas.

This is the contest which Harold is buying into and wants to promote in Australia:

The United Kingdom and the United States both have independent think tanks to keep their aid programs transparent and accountable, and continually fed with fresh ideas. And now we do too. I think that the ANU's Development Policy Centre is set to make a huge contribution to aid policy debates, both at home and abroad. I don't just see it as an asset for big institutions such as AusAID, but a boon for everyone in the development field.

Here at Devpolicy, we appreciate very much Harold Mitchell's generosity and vote of confidence, and will be announcing our plans for the coming years in the next few months.

Caribbean crisis: lessons for the Pacific

Bob Warner is Director, Pacific Research Partnerships here at ANU's Crawford School. His [post](#) on the crisis in the Caribbean, based on his excellent Devpolicy [discussion paper](#), is subtly written but powerfully argued. If regional integration doesn't work in the Caribbean, it probably won't in the Pacific:

[R]egional integration has rather longer history in the Caribbean than in the Pacific, .. and the integration project in the Caribbean has sought much deeper economic integration, influenced to some degree by the European model - most members of CARICOM have committed in principle to the establishment of an economic union, under the framework of the Caribbean Single Market Economy.

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But, the Caribbean Community (or CARICOM for short) is now facing “a crisis which puts the Community’s very existence into question.” That isn’t Bob’s verdict. It is the conclusion of a [2012 review](#) [pdf] commissioned by CARICOM Heads of Government. The review identifies the key problems as “an intractable implementation deficit” and “excessive ambition”

The underlying problem, Bob argues, is that both the Caribbean and the Pacific have been following the wrong model. He notes (in his Discussion Paper) that

Many regional integration projects around the world have been strongly influenced by the European model, where integration of the regional market was the critical entry point in building confidence that would allow progressively deeper integration including monetary and political union with significant allocation of powers to central institutions.

But regional economic integration is the wrong model for the Caribbean and the Pacific, since the sad reality is that for both regions “with broadly similar endowments and an absence of connecting land borders, regional trade and factor market integration will not act as a major driver of growth.” As a result:

For these regions, the gains from regional trade and investment liberalisation are small, and regional agreements don’t deliver enough benefits to build confidence and support for a broader integration agenda.

Rather, Bob argues, the Pacific should focus directly on “regional institutional integration, and development of shared institutions.” Here too the Caribbean experience holds a number of lessons for the Pacific:

While this kind of integration has been part of the Caribbean regional agenda in the past, and continues to be pursued in some areas, the reluctance of some

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governments to cede sovereignty to regional institutions has constrained further progress. This stumbling block also seems to impede the adoption of common sectoral policies and regulatory systems that could lead towards creation of a single economy.

Bob ends with a note of optimism, and the suggestion, based on the success of the Organisation of Eastern Caribbean States, whose members are part of a monetary union and share a number of institutions, that sub-regional solutions might hold more promise than regional ones:

[W]here a [regional] institution directly or indirectly embodies or influences a distribution of costs and benefits, the parties to creation of that institution have to have confidence that its operation will lead to overall gains for the community. This is probably harder to ensure the larger and more disparate are the members of that community, or where culture and behavioural norms differ widely.

November posts

You can find a summary of all November posts in the list below. Don't forget our expanded set of buzzes. We provide monthly wraps (buzzes) on [Australian aid](#), [global development](#), [education and development](#), and [aid & Asia](#), as well as the fortnightly Pacific buzz ([here](#) and [here](#)).

Aid

[The war against poverty starts with a battle of ideas](#) by Harold Mitchell.

Of all the things we can do to support good development in our region, supporting a contestable environment is one of the most important. The war against poverty starts with a battle of ideas... So that's why I'm here to

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help. Today, I am pleased to announce a grant of \$2.5 million over five years to the ANU Development Policy Centre.

[The judgement of their peers: an interview with the OECD's Karen Jorgensen](#) by Karen Jorgensen.

I've learned over time that the peer reviews rarely work in isolation. Where they are most effective is when they can lend a hand to an ongoing process, or where a review that has been initiated domestically follows what we've done and can give additional impetus to some of our recommendations.

[Two cheers for New Zealand aid transparency](#) by Terence Wood.

Speaking as an active consumer of aid data, New Zealand has done a good job of making its data available in a manner conducive to analysis.

[The future of the ADB: an interview with ADB Vice-President Stephen Groff \(Part I\)](#) by Stephen Groff.

... to think about ourselves as an infrastructure bank is maybe relevant up until today, or next year, or the year after. But very soon there are going to be a lot of other actors investing in infrastructure.

Development Policy

[Who pays, and who benefits, from increased tobacco taxation in Asia](#) by Ian Anderson.

One of the most interesting and new findings... is that the poorest sectors of society benefit the most from the tobacco tax increases but shoulder the least

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share of the tobacco tax increase.

[Careers in development: An interview with Dinuk Jayasuriya on the private sector, World Bank Group and academia](#) by Dinuk Jayasuriya and Jonathan Pryke.

The key is networking. I can't emphasise it enough.

[AusAID Higher Education Forum: universities and education for development](#) by Robert Cannon.

Given that we heard at the Forum about the depressing prospect of Australian expertise in the area fading away, then urgent action is required if Australia is to retain capacity and credibility in 'education for development'.

[Participation and development under fire](#) by Patrick Kilby.

NGOs argue that [failed aid programs] can be overcome if there is a greater level of local level participation of the various stakeholders involved in a project. The problem for the donor is that involving local people is time consuming, and they may wish to do things quite differently with even different outcomes, which are hard to predict.

[Mistakes the poor make: Esther Duflo's Tanner Lectures](#) by Terence Wood.

Karl Marx once complained that thinkers wasted too much time trying to understand the world, when the point was to change it. Surely though, the great development failures - of both the left and right - that have taken place since Marx made this complaint have also taught us something else: if you want to try and change the world, it pays to understand it first.

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[Effective and efficient agricultural R&D: lessons from 20 years in the field](#) by Robyn Alders.

While the need for agricultural production to keep pace with human population growth and increasing urbanisation is pressing, it is a process that does not cope well when rushed.

[What is One Health?](#) By Penny Farrell.

I define One Health as a philosophical approach in which a transdisciplinary way of thinking is used by those working towards a common goal of optimising human and animal health globally.

[Democracy soon to be tested in Sierra Leone](#) by Greg Rublee.

The Republic of Sierra Leone is a rising star and a potential model for new democracies among post-conflict states. The results of the upcoming election are an important barometer of changes to come, with far reaching implications for all aspects of development in the region.

The Pacific and PNG

[Development in the Pacific islands: what can we learn from experience?](#) By Tony Hughes.

A common thread in several discussions concerned the co-existence of myths and realities: how, in order to make impressive decisions and obtain funding, governments and donors (assisted by consultants and advisers) tend to select favourable data to construct an imaginary world in which the policy or project can be expected to succeed, only to be disappointed during implementation

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when reality asserts itself.

[Pacific and Caribbean integration: between a rock and a hard place?](#) By Bob Warner.

[M]ore relevant to the Pacific is the consideration that the fifteen members of the Caribbean Community (CARICOM) are giving to a recent [report](#) [pdf] that describes the Community as being in a crisis which puts [its] very existence into question.

[A brighter future for the Pacific: an interview with ADB Vice-President Stephen Groff \(Part II\)](#) by Stephen Groff.

[T]he more attention on the Pacific, the more there will be expectations of better governance practices, including greater transparency. The negative aspect might be increased donor competition and poor practice.

[Lessons from PNG's budget trends over the last decade](#) by Stephen Howes and Andrew A. Mako.

[D]espite increases in spending to date, there are still massive funding gaps in critical areas.

[Remarks on PNG's budget trends](#) by Thomas Webster.

The analysis highlights that recurrent budget expenditure has gradually declined whilst the development component of the budget has increased to more than 50 percent of the government's annual expenditure budget. This needs to be checked and more allocations should be made to the recurrent budget.

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[PNG 37 years after Independence: the question of leadership](#) by Bart Philemon.

During the 20 years that I have spent in parliament, serving 12 years in opposition and 8 years in government, I have come to the conclusion that the solution to PNG's problems rests squarely on the type, character, experience and the professional capabilities of our leaders. PNG needs good leadership to extricate itself from the damning paradox of being a poor but resource rich country.

Stephen Howes is Director of the [Development Policy Centre](#).

About Stephen Howes

Stephen Howes is the Director of the Development Policy Centre and a Professor of Economics at the Crawford School.

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